

To: Wes Hansen

12/8/04

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From: Paul Baker, DOGM

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Wes:

Here are the figures escalated for one year. There are a few assumptions that ought to be explained:

Italian Tan

I do not know the exact acreage, so we assumed two acres. I think that's in the ballpark.

Torrey Buff

We used a figure of \$2000/acre on the east area that's been graded because we—including Buzz with the BLM—feel there's still some grading that still needs to be done. Some material from the dump should be brought up and placed against some of the exposed bedrock.

Jamie Pace said he was going to be working on the area to the northwest, and I'm assuming the grading has been finished. The remaining bond at \$600/acre is for ripping and seeding.

I hope the rest of this is straightforward. We'll be glad to work with you to release some of the bond as you get the sites reclaimed.

I will be out of the office Friday Dec. 10 through Tuesday Dec. 14. On those days if you need to talk with someone about these figures, please call Doug Jensen at 538-5382. I should be back on Wednesday the 15th.

Paul Baker

12/8/04

Please file
S/055/023RECLAMATION SURETY ESTIMATE
Quality Building Stone, Inc

Prepared by Utah State Division of Oil, Gas & Mining

This surety estimate includes the mine permit areas listed below

S/055/023 Lucero Red
S/055/022 Torrey Buff South
S/015/083 Red Chief
S/007/038 Italian Tan

The surety estimate for all permit areas escalated for 1 year -- estimate will be reevaluated during the fall of 2005.

Note: actual unit costs may vary according to site conditions last unit cost update 10/07/02

-Amount of disturbed area which will receive reclamation treatments = 21.44 acres

-Estimated total disturbed area for this mine = 21.44 acres

Activity	Quantity	Units	\$/unit	\$	Note
Lucero Red S/055/023 -- 11.04 Acres					
Reclaim Quarry Area	4.61 acres		5000	23050	
Reclaim Load Out Area	6.43 acres		1500.00	9645	
	Total			32695	
Torrey Buff South S/055/022 -- 7.4 acres					
Reclaim active quarry area	1.38 acres		5000	6900	
Reclaim previously graded area	1.35 acres		600.00	810	
Complete reclamation in graded area	3.17 acres		2000.00	6340	
Reclaim Loadout Area	1.4 acres		1000	1400	
Reclaim road	0.1 acres		5000	500	
	Total			15950	
Red Chief S/015/083 -- 1 acre					
Reclaim quarry area (approximate area)	1 acre		2000	2000	
Italian Tan S/007/038--2 acres					
Reclaim Quarry Area (approximate Area)	2 acres		2000.00	4000	
	Subtotal			54645	
10% Contingency				5465	
	Subtotal			60110	
Escalate for 1 year at 2.59% per year				1557	
	Total			61666	
Rounded surety amount in year 2005 \$				61700	
Average cost per disturbed acre =				2876	

S/055/022 ✓
S/015/083
S/007/038